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**Cabinet Meeting**

28 June 1984

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28 June 1984

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27 June 1984

MEMORANDUM FOR: Director of Central Intelligence  
FROM: SA/DCI/IA  
SUBJECT: Your Cabinet Meeting, 28 June 1984

1. You are scheduled to attend a Cabinet meeting on Thursday, 28 June at 11:00 a.m. in the Cabinet room. The President will chair the meeting. The agenda for this session is the same as that for the Cabinet Council meeting that was scheduled for this past Tuesday, and then cancelled. There are three items on the agenda:

-- Federal Civilian Employment. There will be a review of progress toward achieving the President's goal of reducing federal civilian employment by 75,000 by the end of FY 1984.

- As you know we are not covered by this non-defense, manpower reduction scheme. As the tables at TAB A indicate, OPM is projecting that the civilian agencies will meet 90.1% of their goal. (FYI: In contrast, the Agency's manpower figures show an [redacted] in FY 84, with a projection of [redacted] in FY 85; the corresponding figures for the Community are 5% growth for FY 84 and + 4.9% for FY 85..)

-- Federal Employee Productivity/Morale. There will be a review of the report and recommendations prepared by the Cabinet Council's Working Group on management practices. The Working Group's report stresses the linkage between productivity and morale. In particular, it calls for a government-wide initiative in the form of a Presidential Directive. The Directive would specify government-wide elements of a campaign to improve management practices and employee morale through such things as a "Government Excellence Month", strengthened awards programs, mission statements for the various agencies and departments, etc. The Working Group also recommends closer ties between the Administration and "responsible" employee groups. Finally, at a third level they suggest cutting red-tape in the personnel management system by using selective waivers of personnel laws and reductions.

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- At TAB B is a memo from Bob Magee concerning Agency morale. He cites the beneficial effects of our "Excellence" program and the various quality of life steps being taken. But he also notes that our ability to recruit and retain our personnel is being affected by the assault on the Civil Service. In particular, he cites a 30% increase in inquiries regarding annuity determination--a reflection of proposed changes to the Civil Service Retirement system. He also cites other problems ranging from employees' concerns over salaries, and benefits to overseas relocation problems they are experiencing.
- OMB Circular A-76. A-76 calls for primary reliance on the private sector for the products and services used by the Government in the process of governing--that is, the Government should not compete with the private sector.
  - At TAB C is a one-page review of where we stand with respect to A-76. The bottom line here is that we are complying with A-76 to the maximum extent possible. Full compliance, however, would compromise your statutory authority to protect intelligence sources and methods.

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2. At TAB D are the papers passed to us by the White House in preparation for this meeting.

3. If I can do anything else to help in preparation for this meeting, please call.

cc: DDCI

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27 June 1984

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director of Central Intelligence  
Executive Director  
Deputy Director for Administration

FROM: Robert W. Magee  
Director of Personnel

SUBJECT: Morale of Agency Employees

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1. How does one judge morale in an Agency of [ ] people spread throughout the world? It is an extremely difficult. From looking at our attrition rate (around 5%), one would conclude things can't be too bad or we would be suffering considerably larger separations. On the other hand, various managerial advisory groups take spot surveys which indicate people are, in fact, concerned about their well-being, particularly in the benefits area. My own conclusion is that people like working in this Agency because they know the work we do is important and they get a lot of personal satisfaction from making individual contributions to that success. To some degree, the uniqueness of our work insulates us from the more serious trauma that is being experienced in the rest of the Civil Service. This insulation, however, is not a total defense. The attached paper itemizes issues of general concern among the federal work force, concerns which are reflected within the Agency. The Civil Service perceives that it is under assault and is once again being stigmatized as overpaid and underworked. "If you can't do anything else, you can always work for the government." While we in the Agency may not now be suffering the consequences of such a perception, it would be dangerously naive to assume that we will always be protected by the uniqueness of our work. People who joined the Agency in the 70's and 80's generally have a different value structure from those recruited in the previous decades. If we are to avoid serious morale problems and retain the type of employees we need, we must recognize these younger values, listen to the complaints, and make such adjustments as are appropriate to our mission and to our role as government employees. [ ]

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SUBJECT: Morale of Agency Employees

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2. On a government level, the Administration presumably is sensitive to the impact its policies are having on the Civil Service, particularly on the issues itemized in the attached paper. With the potential consequences, the Administration must then judge where the national interest is best served and we must learn to live with the results. [redacted]

3. In the Agency, I think management has embarked on programs which can ameliorate the impact of government-wide policies and reinforce the Agency's special sense of identity. The "Excellence" program is an important step in the right direction and must not be allowed to fade, thereby confirming the cynics' view. The heart of the "Excellence" program is management's willingness to stimulate a dialogue with staff on ways to make this a better career. We will not be able to satisfy every demand but it is important that each recommendation receives credible hearing. The staff recognizes that we are, in fact, part of the U.S. Government and that our authorities are appropriately constrained. Within those constraints we must be willing to do what we can. Similarly, I think the various quality of life steps taken in the past year or so are positive manifestations of a concerned management--improved building maintenance, additional work space to relieve overcrowding, refurbishing of the current physical fitness facility and improved lighting are good examples. The President's visit, I think, was a great shot in the arm for the institution and we should be more vigorous in disseminating his speech. [redacted]

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4. In sum, we must remind the Administration of something they know well; i.e., there will be a price paid for the assault on the Civil Service. Whatever final policy is in this field, we must as an organization continue efforts to keep communications open with the staff and be responsive whenever possible. [redacted]

[redacted]  
Robert W. Magee

Attachment

There are a number of Personnel issues which are of concern to, and have an impact on, the Agency workforce. They range from the Administration's proposed changes to the Federal retirement system to the perceived image our employees have of a general decline in employee benefits and services. In simplest terms, the general attractiveness of Federal service is an issue unto itself. The high-quality employees we need are obviously also in demand by the private sector. They are high-tech and critical skill personnel--engineers, computer scientists, mathematicians, physicists, chemists, economists, and specialists in international affairs. The many changes, both proposed and effected, in Federal salary and benefit programs and the general tone of the message being given throughout the Federal sector is having a significant impact on this Agency's ability to recruit and retain the personnel it needs to continue its record of excellence. Some specific issues troubling our employees are provided in the following paragraphs.

#### Retirement

The recent spate of discussions and proposals to change the criteria in the Civil Service Retirement System is having an unsettling effect on all Federal employees. As employees' concerns over system changes increase, more of them will actively prepare to leave the Federal service if they feel the system is threatened, or there is to be a significant denegration of benefits which heretofore were seen as offsets to low pay and reduced employee benefits. For example, within CIA we have recently seen a 30% increase in the number of people requesting annuity determinations--preparedness is the name of the game. If significant changes are affected, they may possibly leave in numbers we can ill afford.

#### Domestic Relocation

Public Law 98-151 was passed on 14 November 1983 to alleviate the significant out-of-pocket expenses incurred by Federal employees who relocate domestically to perform the business of the U.S. Government. It troubles us that two of the potentially most helpful benefits in the legislation, the tax reimbursement and use of third party relocation firms, are not yet available to Federal employees. The uncertainty and apprehension caused by the delay in providing formal implementing instructions on these two key benefits has exacerbated the planning and relocation decisions of many of the CIA employees who are currently preparing for domestic transfer this summer. These employees require an authoritative determination of what their benefits are or they will continue to suffer out-of-pocket costs without recourse to the possibility of retroactive reimbursement for some future authorized service provided by a relocation firm.

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### Salaries

There is a perception among employees that the rate of growth in Federal salaries as reflected in cost-of-living increases is not keeping pace with industry, reports to the contrary notwithstanding. As technology develops and increases in complexity, the private sector will meet financial demands and remain competitive. When this happens, the Federal sector must be ready to meet the competition and adjust or be prepared to lose the people needed most. The CIA has already noticed this trend developing in the field of communications and data processing. We are losing engineers and scientists to firms who are willing to pay high salaries in addition to excellent benefits packages.

### Other Benefits

There is great concern over recent press accounts relating to general changes in Federal benefits. While the private sector is paying the premiums for health benefits, the Federal programs are costing more and covering less.

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young workforce we are attempting to recruit is very much aware of salary and benefits programs, and we frequently find ourselves outbid by the private sector. Such things as free life and health insurance, including dental care, tuition reimbursement to pursue a degree or additional degrees, stock options, matching investment programs and bonus programs are strong inducements when compared to what is offered by the Government. A broadening of the loan forgiveness program or an easing of restrictions on tuition reimbursement would improve our competitiveness and would give us the flexibility we often need to create an attractive employment package.

### Overseas Relocation

The disincentives to overseas service remain with us, and it is becoming more and more difficult to recruit employees who are willing to accept the risks and burdens of moving home and family to an overseas environment. The high cost of living in a foreign country, coupled with questionable medical and educational facilities, are merely some of the factors making foreign service an unattractive option. The risks to both employee and family grow as terrorism increases--Agency personnel are obviously high priority targets.

### Dual Careers

As more and more families become "dual career" families, it becomes increasingly harder to relocate them overseas, especially when one spouse is not an Agency employee. In many instances, financial necessity demands that both partners work; in others it is a matter of two people pursuing competing career tracks. In any event, mobility is severely curtailed and the need for imaginative solutions to these problems will be with us well into the late 80's.

In summary, many factors are influencing the actions of the present and prospective Federal civilian workforce. We should strive to make the impact of these factors positive and perceived as an example of "Excellence" at work.